



BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE  
Foreign-Trade Zones Board  
(B-63-2016)

Foreign-Trade Zone (FTZ) 177 – Evansville, Indiana  
Notification of Proposed Production Activity  
Best Chairs, Inc. d/b/a Best Home Furnishings  
(Upholstered Furniture)  
Ferdinand, Cannelton and Paoli, Indiana

Best Chairs, Inc. d/b/a Best Home Furnishings (Best Home) submitted a notification of proposed production activity to the FTZ Board for its facilities in Ferdinand, Cannelton and Paoli, Indiana within FTZ 177. The notification conforming to the requirements of the regulations of the FTZ Board (15 CFR 400.22) was received on September 14, 2016.

The Best Home facilities are located within Sites 5, 6, and 7 of FTZ 177 and currently have authority to conduct cut-and-sew activity using certain foreign micro-denier suede upholstery fabrics and polyurethane fabrics to produce upholstered furniture and related parts (upholstery cover sets) on a restricted basis (Board Order 1807 and Doc. B-35-2014). Board Order 1807 authorized the production of upholstered furniture (sofas, sectionals, loveseats, chairs, and recliners) for a five-year period, with a scope of authority that only provides FTZ savings on a limited quantity (2.28 million square yards per year) of foreign origin, micro-denier suede upholstery fabric finished with a hot caustic soda solution process. Doc. B-35-2014 expanded the company's scope of authority to include certain polyurethane fabrics. All foreign upholstery fabrics other than micro-denier suede finished with a hot caustic soda solution process, polyurethane fabrics backed with ground leather, and wet coagulation process, 100

percent polyurethane coated fabrics used in Best Home's production within FTZ 177 are subject to full customs duties.

The current request seeks to extend Best Home's existing FTZ authority indefinitely (with no increase in the company's annual quantitative limit of 2.28 million square yards) and to add foreign-status leather and non-textile foreign-status components to the scope of authority. This request also seeks to clarify certain HTSUS numbers that apply to the company's existing authority for micro-denier suede upholstery fabric finished with a hot caustic soda solution process. Pursuant to 15 CFR 400.14(b), additional FTZ authority would be limited to the specific foreign-status materials and components and specific finished products described in the submitted notification (as described below) and subsequently authorized by the FTZ Board.

Production under FTZ procedures could exempt Best Home from customs duty payments on the foreign-status components used in export production. On its domestic sales, Best Home would be able to apply the finished upholstery cover set (*i.e.*, furniture part) or finished furniture duty rate (free) for the authorized fabrics and additional components (indicated below). Customs duties also could possibly be deferred or reduced on foreign-status production equipment.

The components sourced from abroad include: micro-denier suede fabric finished with a hot caustic soda finishing process; upholstery leather; linear actuators and motors; transformers; power adaptors; handset controllers; power cables; and, Y-cables (duty rate ranges from 1.6% to 17.2%). The request indicates that upholstery leather will be admitted to the zone in privileged foreign status (19 CFR 146.41), thereby precluding inverted tariff benefits on upholstery leather. All other foreign, unauthorized upholstery fabrics or other components used

in the production activity would continue to be admitted to the zone in domestic (duty paid) status.

Public comment is invited from interested parties. Submissions shall be addressed to the Board's Executive Secretary at the address below. The closing period for their receipt is **[INSERT DATE 40 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

A copy of the notification will be available for public inspection at the Office of the Executive Secretary, Foreign-Trade Zones Board, Room 21013, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230-0002, and in the "Reading Room" section of the Board's website, which is accessible via [www.trade.gov/ftz](http://www.trade.gov/ftz).

For further information, contact Elizabeth Whiteman at [Elizabeth.Whiteman@trade.gov](mailto:Elizabeth.Whiteman@trade.gov) or (202) 482-0473.

Dated: September 19, 2016

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Andrew McGilvray  
Executive Secretary

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